

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

April 7, 2016

THE CITADEL

PROJECT NAME: Bastin Hall – School of Business
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$19,950,000
INITIAL CHE APPROVAL DATE: October 2, 2014

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Land/ Building Purchase)</u>	<u>Total Proposed Budget</u>
Gift (The Citadel Foundation)	\$250,000	\$0	\$250,000
Gift (The Citadel Foundation)	\$0	\$19,950,000	\$19,950,000
<i>Total</i>	<i>\$250,000</i>	<i>\$19,950,000</i>	<i>\$20,200,000</i>

DESCRIPTION:

The University requests approval to increase the project budget by \$19,950,000 to construct a new 43,950 SF Business School to house the School of Business. The School of Business is currently located in Bond Hall. The School of Business will relocate from its current space in Bond Hall to the new facility. The new building is proposed to be located to the south of Bond Hall in an area where existing housing is currently located. Once the School of Business relocates to the new building, it is proposed that the Zucker Family School of Education will move out of Capers Hall and backfill vacated space in Bond Hall in preparation for the construction and renovation of Capers Hall.

Bastin Hall will be constructed solely with private donations and bonds provided by The Citadel Foundation. The source of repayment for the bonds will be donations received by The Foundation.

E&G MAINTENANCE NEEDS:

N/A

ANNUAL OPERATING COSTS/SAVINGS:

It is estimated that utilities, insurance, maintenance, and supplies will require additional operating costs of \$135,520 or more per year following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

FOR BOARD USE ONLY			
CHE			
JBRC			
BC Board			
JBRC Staff			
BC Staff			
A-1 Forms Mailed			
SPIRS Date			
Summary			

MAR 18 2016

(For Board Use Only)	
SUMMARY NUMBER	
FORM NUMBER	

BUDGET AND CONTROL BOARD - PERMANENT IMPROVEMENT PROJECT REQUEST

- 1. AGENCY**
 Code HO9 Name THE CITADEL
 Contact Person John E. Gardner / Kathleen M. Dille Phone # (843) 953-7083
- 2. PROJECT**
 Project # 9612 Name Bastin Hall - School of Business
 Facility # TBD Facility Name Bastin Hall

County Code	10	Project Type	New Construction
New/Revised Budget	\$20,200,000.00	Facility Type	Program / Academic

- 3. CPIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR**
 CPIP priority number 3 of 4 for FY 15-16
- 4. PROJECT ACTION PROPOSED (Indicate all requested actions by checking the appropriate boxes)**

Establish Project		Decrease Budget	
Establish Project - CPIP		Change Source of Funds	
Increase Budget	X	Revise Scope	X
		Close Project	
		Change Project Name	X
		Cancel Project	
- 5. PROJECT DESCRIPTION AND JUSTIFICATION**
 (Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

This A-1 is submitted for Stage II approval. The A-1 increases the project budget by \$19,950,000.00 for Stage II design and construction of Bastin Hall. This A-1 changes the project name to Bastin Hall, changes source of the funds, and revises the scope to include full design and construction.

Bastin Hall is a planned 43,950 square foot facility to be constructed on The Citadel campus. It will support the School of Business, its associated programs in five pathways of concentration. The facility will be a three-story steel frame facility constructed on Citadel property along Hagood Avenue as you approach the Hagood Gate. Bastin Hall will consist of five flat classrooms, four tiered classrooms, nine group study rooms, financial services computer lab, innovation technology lab, administration, faculty offices and a large common area to support collaboration among students, faculty and visitors. The common area is the first large collaborative space planned for the Citadel Campus and directly supports the change to a more team-centric approach to education. The building is the first completely new academic facility to be constructed on the campus since 1974 and will comply with all standards for a 21st century academic facility. The School of Business will relocate from its current space in Bond Hall to the new facility. The Zucker Family School of Education and associated functions will relocate from Capers Hall to the vacated space in Bond Hall in preparation for the construction and renovation of Capers Hall. Bastin Hall will be constructed solely with private donations and funds provided by The Citadel Foundation. The facility will directly support the largest undergraduate major at The Citadel and a thriving Masters in Business Administration program.
- 6. OPERATING COST IMPLICATIONS**
 Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.
- 7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES**
 Estimated Start Date: 1-Jan-15 Estimated Completion Date: 1-Dec-20
 Estimated Expenditures Thru current FY: (15/16) \$ 300,000.00 After current FY: \$ 19,900,000.00

APPENDIX A

FORM A-1 PAGE 2 OF 2

8. ESTIMATES OF NEW / REVISED PROJECT COSTS

PROJECT NUMBER: 8512

1.		Land Purchase ———>	
2.		Building Purchase ———>	
3.	1,400,000.00	Professional Services Fees	
4.	2,000,000.00	Equipment and/or Materials ———>	
5.	1,458,024.00	Site Development	
6.	13,505,834.00	New Construction ———>	
7.		Renovations - Building Interior ———>	
8.		Renovations - Utilities	
9.		Roofing - _____ Roof Age	
10.		Renovations - Building Exterior	
11.	500,000.00	Other Permanent Improvements Central Energy Plant	
12.		Landscaping	
13.		Builders Risk Insurance	
14.		Other Capital Outlay	
15.		Labor Costs	
16.		Bond Issue Costs	
17.	497,926.00	Other: Testing, Inspections, commissioning	
18.	838,184.00	Contingency	
	20,200,000.00	TOTAL PROJECT BUDGET	

Land: _____ Acres
 Floor Space: _____ Gross Square Feet
 Information Technology \$ 1,200,000.00
 Floor Space: 43,950 Gross Square Feet
 Floor Space: _____ Gross Square Feet

ENVIRONMENTAL HAZARDS

Identify all types of significant environmental hazards (including asbestos, PCB's, etc.) present in the project and the financial impact they will have on the project.

Type: Asbestos Abatement

Cost Breakdown

Design Services _____
 Monitoring _____
 Abate/Remed _____
 Total Costs \$0.00

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Proposed Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer's ID Number	Rev Sub Fund	Exp Sub Fund
(0) Capital Improvement Bonds, Group 35					8115	09900539	3043	3043
(1) Dept. Capital Improvement Bonds Group					8115		3143	3143
(2) Institution Bonds								3235
(3) Revenue Bonds								3393
(4) Excess Debt Service Type								3497
(5) Capital Reserve Fund					8895		3603	3603
(6) Appropriated State Program Source					8895	68800100	1001	3600
(7) Federal						78800100		5787
(8) Athletic						88800100		3807
(9) Other -Specify						98800100		3907
Gifts	250,000.00	19,950,000.00	\$20,200,000.00		7840	98800100	3036	3907
TOTAL BUDGET	250,000.00	19,950,000.00	\$20,200,000.00					

10. SUBMITTED BY:

Joseph L. Garcia
 Col. Joseph L. Garcia
 Vice President for Finance and Business

3-17-16

Date

11. APPROVED BY:

(For Board Use Only)

Authorized Signature and Title

Date

ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY Code H09 Name The Citadel

2. PROJECT Project # 9612 Name Bastin Hall - School of Business

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

☒ COSTS ☐ SAVINGS ☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2018-2019	\$ 135,520.00	\$	\$	\$ 135,520.00
2) 2019-2020	\$ 150,870.00	\$	\$	\$ 150,870.00
3) 2020-2021	\$ 170,000.00	\$	\$	\$ 170,000.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? ☒ YES ☐ NO
 If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. Utilities	\$41,650.00
2. Insurance	18,870.00
3. Maintenance	50,000.00
4. Supplies	25,000.00
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	\$135,520.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. N/A

9. Submitted By: Col. Joseph Garcia, VP for Finance & Bus 3-17-16
 Signature of Authorized Official and Title Date



Vice President for Finance

17 March 2016

Ms. Kimberly Gibson
Office of State Budget
Capital Budgeting Section
1205 Pendleton Street
Edgar A. Brown Building, Suite 529
Columbia, SC 29201

Dear Ms. Gibson:

You are processing an A-1 for the Bastin Hall – School of Business. The A-1 Form indicates that there will be \$20,200,000.00 of gift money available for the project to The Citadel.

The Citadel Foundation will provide the funds to The Citadel.

Sincerely,

COL Joseph L. Garcia
Vice President for Finance

JLG/cmm



March 18, 2016

Colonel Joseph Garcia
Vice President for Finance
The Citadel
171 Moultrie Street
Charleston, SC 29409

Dear Joe:

Pending approval by the Board of Directors at their April 2016 meeting, The Citadel Foundation (TCF) is committed to providing the \$20,450,000 necessary to construct Bastin Hall by way of a grant funded by JEDA revenue bonds and funds on hand from donor gifts designated for the construction of Bastin Hall.

The majority of the bonds will be repaid with donor gifts designated to the Bastin Hall project. TCF anticipates raising \$15,000,000 to support the construction of Bastin Hall.

The repayment of the remaining portion of the bonds would be funded by The Citadel by means of a lease/lease-back arrangement between TCF and The Citadel. Although The Citadel will, subject to annual appropriations, be required to make rental payments on the lease-back portion of this arrangement, the governance documents will provide The Citadel with the option to forego a portion of regularly scheduled, unrestricted annual gifts from the Foundation to offset its lease obligation. If the Citadel were to choose this option, it would incur zero additional expense to construct Bastin Hall.

Please let me know if you have further questions.

Sincerely,

John P. Dowd, III
Chief Executive Officer

JPDIII:kh

**PERMANENT IMPROVEMENT PROJECT INFORMATION FORMAT
FOR PHASE II CONSTRUCTION BUDGET**

1. What is the total projected cost of the project and what is it based on? Please attach a summary of the costs prepared during the A&E pre-design phase to support the total cost.

The total projected cost of this project is \$20,200,000.00. This number is based on a third-party cost estimate prepared during the A&E pre-design phase and as shown in the Stage I submittal.

2. What is/are the source(s) of funds for the construction? If any private or federal funds are included, please attach a letter guaranteeing the availability of the funds.

The Citadel Foundation will provide the funding for the project through a combination of donations and bonds issued by The Foundation. The source of repayment for the bonds will be donations received by The Foundation.

3. What is your agency/institution's definition of each fund source to be used for construction? (If any type of fee makes up a portion of the source, what is the fee called, what is the fee amount, and when it was put in place. If there is a statutory authority authorizing the use of the funds for capital projects, please cite the code section.)

This project will not involve the pledging of any fees or funds of The Citadel. Other than equity contributed by the Foundation from funds on hand, only pledged revenues received by The Citadel Foundation (or Real Estate Foundation) as a result of its fundraising from nongovernmental sources for the project.

4. What is the current uncommitted balance of funds for each source listed in 3 above?

We currently have \$7,212,624.09 committed for Bastin Hall, with \$3,353,208.99 in cash received and \$3,859,415.10 in outstanding pledges. The Foundation is in the midst of a Capital Campaign and intends to raise all funds associated with the project.

5. If institution or revenue bonds are included as a source, when were the bonds issued? If not issued yet, when is the bond resolution expected to be brought for State Fiscal Accountability Authority approval?

The majority of funding for the project will be provided from the proceeds of Educational Facilities Revenue Bonds issued by the South Carolina Jobs-Economic Development Authority. The proceeds of these bonds will be loaned to The Citadel Foundation (or Real Estate Foundation) and made available to The Citadel for the Project pursuant to a Lease/Lease-Back financing structure. Pending approvals by JBRC, SFAA, and JEDA, it is anticipated that these bonds will be issued in late July 2016. In addition to June 1 review by JBRC, it is anticipated that these bonds will be brought before SFAA for approval at its June 7, 2016 meeting and before JEDA for final approval at its July 20, 2016 meeting.

Our targeted date for appearance before the SFAA is during the June 7th meeting.

6. If a student fee is used to fund debt service, what is the current amount of the fee annually or by semester? Please specify which.

Not applicable. No student fees will fund this project.

7. Will the use of any funds for construction require an increase in any student fee or tuition? If so, please explain in detail.

Not applicable. No increase in student fees or tuition will be necessary to fund this project.

8. Will the project be LEED certified for energy savings and conservation and if so, at what level will it be certified? For projects requiring or using LEED certification, please attach the required cost-benefit analysis and a checklist of items to be used to achieve LEED points or a description of the energy measures to achieve LEED.

Yes, this project will be designed to meet Silver Level LEED Certification. Cost-Benefit Analysis and the LEED Project Checklist are attached.

9. What energy savings/conservation measures will be implemented within the project if the project will not be LEED certified? For projects that do not require/use LEED, please provide a paragraph on energy savings measures to be implemented as part of the project. If there are no energy savings measures included, please state that and explain why.

Not Applicable, This project will be designed to meet Silver Level LEED Certification.

10. What is the projected date (month and year) for execution of the construction contract?

March 2017

11. What is the projected date (month and year) for completion of construction?

July 2018

12. What program(s) are to be included in the constructed or renovated space?

The Citadel's School of Business – classrooms, study rooms, Dean's Suite, faculty offices, conference room, computer lab, financial services lab, administration, common areas and support spaces

13. What is the total square footage of the building to be renovated or constructed?

The total square footage of Bastin Hall will be 43,950 square feet.

Bastin Hall will be located on Hagood Avenue. Currently this site contains dilapidated campus housing. This housing was built in 1956 and 1959, and the square footage of the structures combined equals 26,591 SF. Approvals for demolition have been approved by The City of Charleston and OSE. This housing is slated for demolition in July 2016.

The current School of Business is housed in Bond Hall, which functions as the primary administration building. The current Business Department occupies 22,793 SF in Bond Hall. Bastin Hall will contain accessory areas that are not included in their space currently in Bond Hall. The students must use computer labs, storage, restrooms and media rooms in other areas of Bond Hall that are not adjacent to the Business Dept.

Bastin Hall will include features that are new to the Business Department and new to our campus: five 45-seat tiered classrooms, small and large study group rooms, common collaborative areas, and an innovation technology lab.

With the new Bastin Hall at 43,950 SF and the housing occupying 26,591 SF, the net gain for overall square footage of buildings on The Citadel campus is 17,359 SF.

14. If a portion of the building is to be renovated, what is the square footage of the portion that will be included in the renovation?

Not Applicable, This is new construction

15. What is the current age of the building or building systems to be renovated?

Not Applicable, This is new construction

16. If any new space is being added to the facility, please provide demand/usage data to support the need.

Not Applicable, This is new construction

17. What are the estimated numbers of students, faculty, staff and/or clients that are expected to use the space affected by the project or the entire building? (Answer for as many as are applicable.)

Estimated number of students expected to use this facility:

668 day students; 69 evening undergraduate; 210 MBA students

Estimated number of faculty & staff expected to use this facility: 40

These estimates are based on a 3-year projected occupancy of the building, and a 10-year projection beyond occupancy is presented below. What follows is a brief reasoning of the projections.

The School of Business serves 3 distinct student populations:

1. *Daytime students made up of the South Carolina Corps of Cadets (SCCC), undergraduate veteran students, 5th year cadets, and undergraduate students in the active military commissioning programs (MECEP and STA-21).*

The SCCC enrollment has grown over the past 10 years from a 2004 level of 1964 cadets to 2343 in 2013. Unconstrained projections of the size of the SCCC reach 2,443 by 2017 and 2,821 by 2027. The size of the Corps is, however, constrained by the school's residential physical plant to approximately 2,350 cadets. Given historical growth trends this maximum number will be reached in 2016, and the size of the cadet population will be at the physical maximum on the anticipated move in date of Fall 2018.

Our 5th year student population has fluctuated over the past ten years but is projected to grow from the 2013 level of 38 to approximately 51 in 2017, and 66 in 2027.

The undergraduate veteran student population has grown from 6 in 2007 to 108 in 2013. Following the historical growth trend would put the veteran student population at approximately 238 in 2017, and 595 in 2027. This seems to be a reasonable growth vector given the current state of a downsizing military, and many military members processing out with G.I. Bill funds for education.

Our active duty undergraduate student population has fluctuated as well over the past 10 years, but with a generally declining trend. The historical projection of this student population would put it at approximately 36 in 2017, and 15 in 2027. The 2013 level was 34.

2. *Evening Students of the School of Business are comprised of graduate students pursuing an MBA, and evening undergraduate students pursuing the completion of their Bachelor's degree in business.*

MBA enrollments have fluctuated over the past ten years and historical projections alone place MBA enrollment at 252 in 2017, and 244 in 2027. However, the evening program, both undergraduate and graduate, possesses the most and best opportunities for growth for both the Citadel and the Citadel's School of Business (CSB). We believe that the slight downward trend in enrollments will be arrested and reversed through the addition of new offerings as well as enhanced marketing efforts.

The evening undergraduate program has enjoyed significant growth over the past 10 years, and that growth trend is expected to continue. The historical projection of EUGS growth places enrollment numbers at 63 in 2017 and 107 in 2027. We believe that this growth trend is significantly understated, and that a more realistic projection is significantly higher.

3. *Our faculty and staff currently number 34 full-time and a number of adjuncts that fluctuates with course demand. A growing program will eventually necessitate additional PTE's. Our current faculty to student ratio has fluctuated over the past 10 years from a low of 36 students per faculty to a high of 49 students per faculty. We believe that a reasonable ratio is 35 students per faculty, and will attempt to staff accordingly.*
4. *Combining all of this into a single projection yields the following building utilization projection numbers for CSB students. The following assumptions are applied:*
 - a. *No growth in the Active Duty student population.*
 - b. *Expansion of the SCCC to the maximum of 2400 cadets.*
 - c. *CSB maintains an average 28.32% of the SCCC population.*
 - d. *10% average annual growth in the evening undergraduate program (EUGS).*
 - e. *5% average annual growth in the MBA program.*
 - f. *15% average annual growth in the Veteran program.*
 - g. *A faculty to student ratio going forward targeted at 35.*
 - h. *Full-Time staff of 5.*

Historical and Projections of Citadel School of Business Physical Space Occupancy 2004 - 2027										
Year	Active Duty	SCCC	EUGS	MBA	Veteran Student	Total	Faculty	Staff	F/S Ratio	Total Occupancy
2004	12	636	8	260		916	21	3	44	1856
2005	12	611	11	246		880	21	4	42	1785
2006	10	630	19	265		924	19	4	49	1871
2007	7	615	25	251		898	24	5	37	1825
2008	6	618	14	258		896	24	5	37	1821
2009	8	584	18	266	6	882	24	5	37	1793
2010	10	586	23	283	6	908	22	6	41	1844
2011	9	538	36	274	8	865	23	6	38	1759
2012	9	578	44	258	7	896	24	6	37	1822

2013	6	590	54	220	20	890	25	6	36	1811
2014	6	660	59	231	23	979	24	5	41	1988
2015	6	671	65	243	26	1011	25	5	40	2052
2016	6	680	72	255	30	1043	30	5	35	2120
2017	6	680	79	267	35	1067	30	5	35	2170
2018	6	680	87	281	40	1094	31	5	35	2223
2019	6	680	96	295	46	1122	32	5	35	2282
2020	6	680	105	310	53	1154	33	5	35	2345
2021	6	680	116	325	61	1188	34	5	35	2414
2022	6	680	127	341	70	1225	35	5	35	2489
2023	6	680	140	358	81	1265	36	5	35	2571
2024	6	680	154	376	93	1309	37	5	35	2660
2025	6	680	169	395	107	1357	39	5	35	2758
2026	6	680	186	415	123	1410	40	5	35	2865
2027	6	680	205	436	142	1468	42	5	35	2983

18. If the construction cost increased significantly from the internal estimate (30% or more), what factors caused the cost to increase?

Not applicable, The estimated cost of construction is less than 30% of internal estimate

19. If the contingency is more than 10%, please explain why.

Not applicable, The contingency is less than 10%

20. If funds are being transferred from another project, what is the current status of the project from which funds are being transferred?

Not Applicable

21. Has the project been included in a previous year's CPIP? If so, what was the last year the project was included and for which year, 1-5?

Yes, 3 of 4 in FY 15-16

22. What are the economic impacts of the project, including job creation and retention? If there are none, please explain.

In addition to creating a state-of-the-art showcase facility, Bastin Hall and the new School of Business can also be used for the following purposes:

- *Conference space*
- *Events that bring in the broader external community*
- *Lectures, meetings*
- *Business Community outreach and meetings*
- *The space will house an initiative in applied entrepreneurship that will have broad reaching economic impact on the region that is as yet not calculable*
- *Retention and growth rate for faculty, staff and students*

- o *10% average annual growth in the evening undergraduate program.*
- o *5% average annual growth in the MBA program.*
- o *15% average annual growth in the Veteran program.*

23. How will your agency/institution address and fund maintenance of this facility construction/renovation?

This building will be considered E&G (Education & General); therefore ongoing maintenance would be funded by the various maintenance funds The Citadel has reserved for its E&G facilities.

24. If your agency/institution has a deferred maintenance account, what is the name of the account and what is its current uncommitted balance?

Citadel Deferred Maintenance Fund: \$ 278,499 as of 1 March 2016.

25. If how maintenance will be addressed and funded for this facility construction/renovation has not been determined yet, what steps are in place to begin to address how your agency/institution will fund maintenance to this and other agency/institution facilities?

Not Applicable